

U.S. DEPARTMENT OF ENERGY
PUBLIC MEETING ON THE DRAFT EIS
FOR THE EXPANSION OF THE STRATEGIC PETROLEUM RESERVE
CLAIBORNE COUNTY MULTIPURPOSE BUILDING
THURSDAY, JUNE 22, 2006
7:00 P.M

AS REPORTED BY:

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P R O C E E D I N G S

MR. DAVID JOHNSON

DEPARTMENT OF ENERGY

OFFICE OF PETROLEUM RESERVES

DIRECTOR OF PLANNING AND ENGINEERING OFFICE

Mr. Johnson gave a 20-minute presentation and then opened the floor to questions and comments from the audience.

COMMENTS FROM THE AUDIENCE

JACK MOODY

My name is Jack Moody. I'm with the Mississippi Development Authority. And on behalf of the state, I would like to recognize the tremendous amount of work that the DOE is doing. They've really been time constrained to come to a final decision by the Congress, and we have been working with them all along and really admire the level of effort that's having to go into doing a thorough analysis in such a pressed timeframe.

Mississippi did put a second salt dome into the process, as you saw the big dome over towards Pascagoula, Richton. Historically, it was in the process; it was in the running for the last expansion of the Strategic Petroleum Reserve and it, therefore, was grandfathered in, so to speak, on the process.

1 And then the additional location for Bruinsburg was then added
2 when the opportunity came up.

3 And what Bruinsburg brings to the table, as Mr. Johnson
4 pointed out, and as you saw on that map, right now the
5 Strategic Petroleum Reserve is primarily located on the coast.
6 And in the events of Katrina and Rita, that pointed up some of
7 the vulnerabilities of having all your eggs in one basket.

8 Mississippi feels like it would be a strategic move for
9 the Strategic Petroleum Reserve to spread the geography out on
10 this reserve, because when something comes up, whether it's a
11 natural disaster or something else, and we need it, it would
12 be good -- and in our pocket: We're trying to sell Mississippi
13 -- it would be good to have us up and away from that
14 concentration and be able to supply those crude oils that are
15 going to go up to the Midwest and to the center part of the
16 United States, coming out of what we hope would be this
17 Bruinsburg location.

18 Bruinsburg, in our view, has quite a few things going for
19 it. Stan Fielding, with the Office of Geology, authored a
20 booklet several years ago that basically gathered all of the
21 information for all the shallow salt domes here in
22 Mississippi. There're 51 of them, I believe. And in the
23 Bruinsburg and putting that information together -- and he's
24 good at digging up stuff that nobody else can find -- there
25 was a lot of drilling. There was a lot a history here:

1 everything from salt companies who have gone in and drilled
2 the top of this salt; they've analyzed the salt, and it's very
3 pure salt.

4 In some other locations, you've got a lot of minerals
5 that are mixed in with it; but in this case, not many of
6 those, according to the analysis, which is good when you start
7 to put some freshwater into it. You're going to end up with a
8 bunch of water and not a lot of solids, and that's going to go
9 thorough the solution process better.

10 But we've got control. There were some seismic, which is
11 a technique that allows you to look down into the earth, the
12 exploration people use quite a bit. It wasn't on top of the
13 dome. It wasn't designed to see the dome. It was actually
14 designed to get away from it a little bit. But it picked up
15 some of the edges. Of course they had the responsibility of
16 locating this site and making a very big decision and a very
17 expensive decision. And so, again, in the diligence and in
18 the timeframe, they're going to do a seismic survey over the
19 Bruinsburg dome in the very near future.

20 Mr. Johnson got creative on getting the incentives to
21 make these people get up and go so that they can get it done
22 in time, but there will be two more lines that are going
23 across there, and it will be designed to see the dome. The
24 oil and gas seismic was not designed to see the dome. It was
25 designed to see stuff down at about 15,000 feet, and what he

1 needs to see is at about 2000 to 5000 feet. So there'll be
2 some very good high quality data that they'll be able to build
3 a lot more confidence on the size of the dome. Again the
4 state, from all of the data that we've been able to put
5 together, we feel confident that the size of the dome is going
6 to be there to accommodate the 160 million barrel option if
7 need be.

8 And then we also recognized the strategic location of
9 Bruinsburg in and of itself, the mighty Mississippi sitting
10 right here. Freshwater to make these caverns can be a big,
11 big deal if you don't have any. If you don't believe that, go
12 talk to the people at Richton. But you have got the biggest
13 river in North America coming through there, and there's going
14 to be plenty of water source.

15 We also, from DOE's point of view, our way of getting rid
16 of that brine, when they put the fresh water in the well, and
17 when it comes back up, it's going to be salty. It will pucker
18 your lips. And they've got to get rid of it. So in this
19 case, we're too far from the Gulf of Mexico to get rid of it
20 that way. So it will be injected into salt water disposal
21 wells, which will be drilled here in a line going one way.
22 It's all designed to have a series of salt water disposal
23 wells. So the Mississippi River is going down in the cavern,
24 the brine is coming out, and then the brine is being put down
25 way below freshwater. You don't have to worry about the

1 drinking water.

2 Their experiences down in South Louisiana and Texas,
3 they're not that comfortable with that process. In
4 Mississippi the oil industry moves a lot of water this way;
5 albeit, not as much water as fast as what they need. But the
6 analysis that archaeologists have done along the Mississippi
7 River and in this location, you couldn't find a better place
8 in Mississippi to have a salt water injection project than
9 here. It is loaded with sands down from about 2000 feet on
10 down. So we have a lot of confidence that when DOE gets into
11 the salt water injection process, they're going to find that
12 there's going to be a better story than the what they've run
13 into at other locations.

14 The geology that we see is favorable for the salt water
15 injection. We've got the Mississippi River giving them the
16 freshwater that they need in great big quantities, and the
17 Mississippi also plays a part in the distribution. And it's a
18 critical part of the job they have to do. If we get into
19 trouble as a country, and they say that we've got to get this
20 oil out of here, it's got to go. And so in the due diligence
21 that they were doing, they discovered -- is it the Baxter
22 Wilson -- a power plant up near Vicksburg has and maintains an
23 active port there. And so they made a deal with the folks,
24 that if this were chosen as the site, that that would allow
25 them to distribute something on the order of 200,000 barrels.

1 So part of it's going to go up the river, and the rest of
2 it's going to head over to the Capline, which is the main
3 artery that's going to be serving all the way up close to
4 Chicago.

5 So we feel like the Mississippi is a real asset to us.
6 We feel like in the 80 million barrels -- remember, he said
7 that we have two options. The 80 million barrel option, we're
8 sharing that, I guess, if that came to pass, with the Clovelly
9 dome in South Louisiana, which is really out in South
10 Louisiana, way down there. And it would be an interesting
11 combination. And they've noted that by going that route it
12 kind of doubles their overhead, instead of having your
13 overhead for one location, you have double overhead. But you
14 also are splitting the risks. You feel like here you've got
15 the possibility to move out of harm's way for a natural
16 disaster, that certainly South Louisiana is in a position to
17 suffer some of those things.

18 And at the same time, there's a lot of experimental
19 activity that's going to go on with Clovelly because they've
20 already got salt domes sitting with caverns in them. And for
21 the first time anywhere, I think, they're going to come in and
22 make it the second story or the second basement, so to speak.
23 They'll create theirs underneath the existing ones. So it's
24 going to be a real interesting engineering experiment because
25 you go deeper and you go into higher pressures, higher

1 temperatures, and they'll be dealing with a lot of those
2 things, which will be wonderful because you can see that you
3 can take any salt dome and you can double the capacity of it
4 if it works out. They'll have their work to do down there,
5 and we feel like, what our salt dome here does would be
6 complimentary to that.

7 So we're hoping that in the final analysis -- they've got
8 a big responsibility, national security, petroleum for us. I
9 guess y'all over in this part of the state, and I know I did
10 in my place, went on for about 15 days. We've been without
11 for a little bit, so we know what that's like.

12 So they've got the responsibility to keep things going.
13 And we certainly wish them well, and we certainly hope that
14 Mississippi will be one of those locations. We hope to see,
15 and I stress again, we really would like to see that reserve
16 spread out a little bit, a little bit out of harm's way. And
17 we think that we've got the candidate site here that could
18 contribute to that.

19 With that, we wish them well in their endeavors and look
20 forward to their final analysis.

21
22
23 **VERNON PHILLIPS**

24 Hi, once again. My name is Vernon Phillips, and if it's
25 all right, I'll speak from a prepared document.

1 My name is Vernon Phillips, and I speak on behalf of
2 Anabasis, LLC. I would first like to thank Claiborne County
3 for the hearing in the past, as well as the hearing today, and
4 their hospitality and the opportunity to speak. I would like
5 to thank Governor Barbour, the State of Mississippi for having
6 included the Bruinsburg site as a candidate. I commend the
7 DOE for consideration of the Bruinsburg site as a candidate
8 for expansion of the United States Petroleum Strategic
9 Reserve.

10 I would ask the Department of Energy to consider the
11 following advantages that the Bruinsburg site offers:

12 Number 1 is geographic distribution. The Bruinsburg site
13 lies 100 miles north of existing storage sites to offer
14 strategic supply advantages to the PADD, (spelling) P.A.D.D.
15 Number 2 and removes the site from all possibilities of
16 hurricane storm surge. Furthermore, the Bruinsburg site
17 offers the strategic disbursement from other sites acquired by
18 the original enabling legislation of the United States
19 Strategic Petroleum Reserve.

20 Number 2 is the minimal environmental impact. The
21 Bruinsburg offers the shortest possible pipeline routes of all
22 the candidate sites with the facilities completely under the
23 Department of Energy's security procedures.

24 The Bruinsburg site offers raw water availability out of
25 the fragile brackish marsh environment.

1 The Bruinsburg site offers highland pipeline construction
2 for minimal environmental impact and least of cost.

3 The Bruinsburg site offers abundant availability of
4 disposal zones underground, which completely protect the
5 underground fresh water supplies and result in no discharge to
6 the environment of hyper-saline brine.

7 The Bruinsburg site offers cost-effective construction
8 options with excellent distribution by pipeline and barge to
9 PADD, PADD II, and PADD III.

10 Anabasis would like to respectfully submit for
11 consideration an option incorporating several elements of the
12 Department of Energy's proposal of the Bruinsburg site, which
13 will substantially reduce pipeline mileage, minimize
14 environmental impact, and reduce its cost without compromising
15 security, operational flexibility, or crude distribution in
16 times of national emergency.

17 A facility can be constructed at Bruinsburg with the
18 capacity of 80 million barrels, as a joint facility with
19 Clovelly, or as a 100 million barrel facility that could stand
20 alone at Bruinsburg. The following suggestions can be applied
21 to either at the facilities.

22 By locating the new road along the common right-of-way of
23 the proposed power line, which the Department of Energy
24 depicted on the southeast side of the facility, the visual
25 impact of the historic Civil War landscape, which is alluded

to in Section 23 of the Summary Draft EIS, will be totally eliminated.

Structure of a brine disposal system with a pipeline paralleling the raw water supply line and constructing disposal wells perpendicular to the pipeline will allow minimal environmental impact.

Additionally, by using both the Sparta and Wilcox formations for brine disposal, the capacity of each well can be doubled or increased fourfold, thus reducing the number of disposal wells required, reducing the wellhead pressure of each well, and increasing injection runtime between workovers, which will commensurate reduced cost and enhance environmental safety.

Both the Sparta and Wilcox formations have proven to be safe, well known, and commonly used disposal zones in Mississippi with excellent disposal capacity. Both zones can be used at the same time in each well-bore further enhancing safety and the disposal capacity.

Additionally, by constructing a dock at the Mississippi River, near the old ferry site, less than three miles to the southwest of the site, a short crude oil distribution line can be also laid parallel to the raw water supply pipeline and the brine disposal pipeline. To do this will minimize environmental impact. A dock there will also be available to be accessed by the old ferry road.

1 The 30-inch crude oil distribution pipeline to the
2 Capline can be laid parallel to the proposed power line right-
3 of-way and our proposed access road to the southeast side of
4 the site. The pipeline then can be parallel to the Energy
5 power line, which runs from the Grand Gulf Power Plant to
6 Peetsville.

7 As the DOE mentioned in the Summary Draft EIS on page
8 S23, the natural landscape can be preserved by placing
9 pipelines underground and otherwise working with agencies to
10 minimize impact. The issues addressed in the Summary Draft
11 EIS on concerns with the Homochitto National Forest can be
12 eliminated by routing the pipeline around the forest to the
13 north for short distances necessary to avoid any problems on
14 the east end of the Bruinsburg and Peetsville line.

15 However, by going through the forest, the pipeline can be
16 laid to incorporate existing right-of-ways; and in many cases,
17 some pipeline exposure in the forest is a boon to recreational
18 use by providing different ecosystems to enhance activities,
19 such as hunting and bird watching. Any endangered species
20 encountered along the route will be found in streams, which
21 can be avoided by horizontal boring beneath the stream bed.

22 At Bruinsburg the salt has been cored and analyzed by the
23 Atomic Energy Commission in the 1960's and was reported with
24 salt purity in excess of 99 percent. The top of the salt is
25 2000 feet below the surface, which is the optimum depth for

1 environmental safety and cost effectiveness for construction
2 and operations during the life of the storage facility.

3 By moving the caverns and service facilities as far west
4 on the site as practical, the maximum subsurface safety as to
5 the geologic control and operational effectiveness can be
6 obtained. By constructing a facility in that manner, visual
7 resources, endangered species, cultural resources impact can
8 be minimized or eliminated. The affected area will be less
9 than 700 acres. This will result in an environmentally sound,
10 very cost-effective site. I would like to submit to you for
11 the record a proposal incorporating all of these features.

12 Thank you so much for your time. I appreciate it.

13
14 **JAMES MILLER**

15 My name is James Miller. I'm Claiborne County
16 Administer, and I'm here on behalf of the Claiborne County
17 Board of Supervisors. And I want to apologize. They're in a
18 board meeting as we speak, so that's why they're not here.
19 They sent me to echo their concerns.

20 I want to first and foremost say the Claiborne County
21 Board of Supervisors totally supports this effort. And, as a
22 matter of fact, we, the county, we have been talking to our
23 congressional delegation about this particular endeavor for
24 the last couple or three years. Congressman Pickering, I
25 think, was very instrumental in bringing this to the

1 forefront, in terms of Claiborne County being included in the
2 process, as well as Governor Barbour. So the Claiborne County
3 Board of Supervisors is totally committed to doing whatever it
4 needs to do to support this.

5 Having said that, we also see this as having implications
6 for national security. It seems to me, very clearly, that we
7 need to do everything we can to make sure that our country is
8 independent and we have a diversified portfolio as it relates
9 to our energy needs.

10 Most of y'all know that we've also embraced Claiborne
11 County to the building of Grand Gulf Nuclear Power Plant
12 Number Three. So we see southwest Mississippi and Claiborne
13 County being an integral part of the solution to coming energy
14 solutions to our problems in this country as it relates to
15 gas, natural gas, and oil, as well as nuclear power. We see
16 nuclear power and these other energy conglomerates as an
17 integral part of having a diversified energy portfolio.

18 And so the Claiborne County Board of Supervisors, again,
19 supports this effort, and we will do anything and everything
20 we can to work with the Department of Energy and other federal
21 agencies as we go through this process to make sure that we
22 act in the best interest of Claiborne County, southwest
23 Mississippi, the State of Mississippi, and our country.

24 Thank you.

CERTIFICATE

I, Rosie Kaiser Hails, Notary Public in and for the County of Adams, State of Mississippi at Large, do hereby certify that there appeared before me the foregoing speakers;

That the testimony was recorded by me, by Stenomask, reduced to typewriting via speech recognition, and proofed under my direct supervision, and the foregoing consecutively numbered pages are a complete and accurate record of the comments at said time by said speakers;

That the undersigned is not of kin nor in any way associated with any of the parties to said cause of action, nor any counsel thereto, and that I am not interested in the event(s) thereof.

IN WITNESS WHEREOF, I have hereunto set my hand and seal, this the 4th day of July, 2006.

ROSIE KAISER HAILS, CVR
CERTIFIED VERBATIM REPORTER/
CERTIFIED MISSISSIPPI COURT
REPORTER NO. 1613/NOTARY PUBLIC

My commission expires April 19, 2009.